

# 2015 Capital Budget

*Presentation to the Board of Commissioners*

**October 21, 2014**



# Budget Schedule

1. **Sep 25<sup>th</sup>** – *Where have we been?* – 2013-14 budget to actual – focus on what the usage forecast should be
2. **Oct 7<sup>th</sup>** – Capital expenditure history and six year forecast
3. **Oct 21<sup>th</sup>** – Operating costs by Object (*type*)
4. **Nov 4<sup>th</sup>** – Operating costs by Function (*purpose*)
5. **Nov 18<sup>th</sup>** – *Where are we going?* – 2015 Budget, Recommended Rate Increase, and Financial Forecast – *budget books delivered*
6. **Dec 2<sup>nd</sup>** – Response to questions – Budget passed.



# Relationship

## Capital Budget

*Multi-Year*

**Needs** (*Outflows / Costs / Expenditures / Uses*)

- Capital projects and plans
- Land and buildings
- Vehicles, equipment, furniture
- Extraordinary maintenance

**Resources** (*Inflows / Revenues / Sources*)

- Cash savings (reserves) including interest)
- Public-Private Partnerships
- Connection charges
- Debt proceeds
- Current year rate revenue contribution
- Grants/DWSRF & PWTf loans
- One-time sources like sale of assets

## Operating Budget

*Single-Year*

**Needs** (*Outflows / Costs / Expenditures / Uses*)

- Purchased water
- Material, supplies and labor
- Administration & Taxes
- Debt Service
- Capital contribution (depreciation funding)
- Funding of operating reserves

**Resources** (*Inflows / Revenues / Sources*)

- Rate revenues
- Other revenues (*Antenna rents, interest, penalties, hookups*)
- Limited use of reserves (*revenue shortfalls*)

*Budgets are linked through capital funding*



<b>CAPITAL FUNDING 2012 - 2020</b>	<b>Comp Plan Forecast</b>	<b>Additions &amp; Changes</b>	<b>Current Forecast</b>	<b>Current Direct</b>	<b>Inflated Net Direct Funds</b>	<b>Completed 12/31/2014</b>	<b>Balance 2015-2020</b>
<b>SOURCES (Indirect):</b>							
Construction Fund Beginning Balance (Net of Bond Proceeds)	<b>The capital projects are shown according to the Comp Plan approved in early 2013, with the changes since then shown the second column. Direct funding sources are offset against specific projects.</b>				\$ 155,723	\$ 155,723	\$ 2,925,231
Transfers from Sinking fund					3,351,885	3,351,885	-
Transfers from the Maintenance Fund					10,361,967	3,656,852	6,705,115
Interest Earnings					251,324	143,640	107,683
Connection Fees					1,367,012	1,067,012	300,000
<b>TOTAL SOURCES (Indirect)</b>	<b>-</b>				<b>15,487,911</b>	<b>8,375,112</b>	<b>10,038,030</b>
<b>USES:</b>							
Admin Building - Design / Construction / Furniture & Other	3,500,000	500,000	4,000,000	4,000,000	4,260,633	4,232,675	27,958
Back Lot	200,000	2,000	202,000	202,000	202,219	202,219	-
Church property	3,200,000	100,000	3,300,000	3,300,000	3,394,466	3,394,466	-
Less Sale of Old Property			-	(1,000,000)	(1,000,000)		(1,000,000)
Shop Building	3,234,000		3,234,000	3,234,000	3,535,252	7,500	3,527,752
2011 Bond Proceeds			-	(7,300,000)	(7,300,000)	(7,300,000)	
2016 Bond Proceeds				(3,000,000)	(3,000,000)	-	(3,000,000)
<b>ADMIN BUILDING, SHOP AND LAND COSTS NET OF FUNDING</b>	<b>10,134,000</b>	<b>602,000</b>	<b>10,736,000</b>	<b>(564,000)</b>	<b>92,570</b>	<b>536,860</b>	<b>(444,291)</b>
NCPS - .4MG Reservoir- Design and Construction	4,200,000	1,566,050	5,766,050	5,766,050	5,879,880	1,169,273	4,710,607
Possible Cost Adjustment		(440,618)	(440,618)	(440,618)	(440,618)	-	(440,618)
DWSRF Loan			-	(3,464,000)	(3,464,000)	(1,376,958)	(2,087,042)
Main Replc - NE 185th/187th - 28th/29th Ave NE	776,000	19,000	795,000	795,000	521,763	521,763	-
DWSRF Loan			-	(795,000)	(521,763)	(521,763)	
CIP #4 - 15th and 24th	190,000		190,000	190,000	250,360	250,360	-
2016 Bond Proceeds				(2,000,000)	(2,000,000)		(2,000,000)
<b>RESERVOIRS NET OF FUNDING</b>	<b>5,166,000</b>	<b>1,144,432</b>	<b>6,310,432</b>	<b>51,432</b>	<b>225,622</b>	<b>42,675</b>	<b>182,947</b>
Wireless Building	300,000	1,975,644	2,275,644	2,275,644	2,198,556	2,198,556	-
2011 Bond Proceeds			-	(900,000)	(900,000)	(900,000)	
Wireless Building Funding			-	(793,677)	(793,677)	(793,677)	
<b>WIRELESS BUILDING NET OF FUNDING</b>	<b>300,000</b>	<b>1,975,644</b>	<b>2,275,644</b>	<b>581,967</b>	<b>504,879</b>	<b>504,879</b>	<b>-</b>
Meter Replacement Program	-	2,086,000	2,086,000	2,086,000	1,985,439	1,985,439	-
Joint Developer Projects	-	1,498,915	1,498,915	1,498,915	1,498,915	1,498,915	-
Less Contribution by Developers			-	(1,000,000)	(1,000,000)	(1,000,000)	
System-wide - Rebuild/Replace PRV Stations	1,440,000		1,440,000	1,440,000	1,645,091	71,551	1,573,540
GIS Project	380,000		380,000	380,000	338,941	10,000	328,941
Telemetry/SCADA System Upgrade	300,000		300,000	300,000	261,012	261,012	-
Comp Plan Updates	350,000		350,000	350,000	389,379	102,597	286,782
Bothell Landing	585,000		585,000	585,000	652,033	-	652,033
Bothell Landing P WTF Loan			-	(585,000)	(652,033)	-	(652,033)
All Other CIP Projects	1,609,000	1,700,000	3,309,000	3,309,000	3,380,546	1,025,048	2,355,498
Meters/Services/Hydrants		400,000	400,000	400,000	408,506	211,141	197,364
All Other Non-CIP Projects		275,000	275,000	275,000	277,827	80,618	197,209
Vactor		600,000	600,000	600,000	600,000	-	600,000
Less Trade-in of Old Vactor				(200,000)	(200,000)	-	(200,000)
Vehicles	-	444,146	444,146	444,146	478,229	119,146	359,083
<b>TOTAL OTHER USES OF CAPITAL FUNDS</b>	<b>4,664,000</b>	<b>7,004,060</b>	<b>11,668,060</b>	<b>9,883,060</b>	<b>10,063,884</b>	<b>4,365,467</b>	<b>5,698,417</b>
<b>TOTAL USES (Net of Direct Funding)</b>	<b>20,264,000</b>	<b>10,726,136</b>	<b>30,990,136</b>	<b>9,952,459</b>	<b>10,886,954</b>	<b>5,449,881</b>	<b>5,437,073</b>
<b>NET SURPLUS</b>					<b>\$4,600,957</b>	<b>\$2,925,231</b>	<b>\$4,600,957</b>

<b>CAPITAL FUNDING 2012 - 2020</b>	<b>Comp Plan Forecast</b>	<b>Additions &amp; Changes</b>	<b>Current Forecast</b>	<b>Current Direct</b>	<b>Inflated Net Direct Funds</b>	<b>Completed 12/31/2014</b>	<b>Balance 2015-2020</b>
<b>SOURCES (Indirect):</b>							
Construction Fund Beginning Balance (Net of Bond Proceeds)	<b>Non-direct funding sources from 2012-2020 was \$8.3 million and funded \$5.3 million capital costs for a balance of \$3 million at the end of 2014</b>				\$ 155,723	\$ 155,723	\$ 2,925,231
Transfers from Sinking fund					3,351,885	3,351,885	-
Transfers from the Maintenance Fund					10,361,967	3,656,852	6,705,115
Interest Earnings					251,324	143,640	107,683
Connection Fees					1,367,012	1,067,012	300,000
<b>TOTAL SOURCES (Indirect)</b>	<b>Ending balance of \$3 million rolls forward to 2015</b>				<b>15,487,911</b>	<b>8,375,112</b>	<b>10,038,030</b>
<b>USES:</b>							
Admin Building - Design / Construction / Furniture & Other	3,500,000	500,000	4,000,000	4,000,000	4,260,633	4,232,675	27,958
Back Lot	200,000	2,000	202,000	202,000	202,219	202,219	-
Church property	3,200,000	100,000	3,300,000	3,300,000	3,394,466	3,394,466	-
Less Sale of Old Property			-	(1,000,000)	(1,000,000)		(1,000,000)
Shop Building	3,234,000		3,234,000	3,234,000	3,535,252	7,500	3,527,752
2011 Bond Proceeds			-	(7,300,000)	(7,300,000)	(7,300,000)	
2016 Bond Proceeds				(3,000,000)	(3,000,000)	-	(3,000,000)
<b>ADMIN BUILDING, SHOP AND LAND COSTS NET OF FUNDING</b>	<b>10,134,000</b>	<b>602,000</b>	<b>10,736,000</b>	<b>(564,000)</b>	<b>92,570</b>	<b>536,860</b>	<b>(444,291)</b>
NCPS - .4MG Reservoir- Design and Construction	4,200,000	1,566,050	5,766,050	5,766,050	5,879,880	1,169,273	4,710,607
Possible Cost Adjustment		(440,618)	(440,618)	(440,618)	(440,618)	-	(440,618)
DWSRF Loan			-	(3,464,000)	(3,464,000)	(1,376,958)	(2,087,042)
Main Replc - NE 185th/187th - 28th/29th Ave NE	776,000	19,000	795,000	795,000	521,763	521,763	-
DWSRF Loan			-	(795,000)	(521,763)	(521,763)	
CIP #4 - 15th and 24th	190,000		190,000	190,000	250,360	250,360	-
2016 Bond Proceeds				(2,000,000)	(2,000,000)		(2,000,000)
<b>RESERVOIRS NET OF FUNDING</b>	<b>5,166,000</b>	<b>1,144,432</b>	<b>6,310,432</b>	<b>51,432</b>	<b>225,622</b>	<b>42,675</b>	<b>182,947</b>
Wireless Building	300,000	1,975,644	2,275,644	2,275,644	2,198,556	2,198,556	-
2011 Bond Proceeds			-	(900,000)	(900,000)	(900,000)	
Wireless Building Funding			-	(793,677)	(793,677)	(793,677)	
<b>WIRELESS BUILDING NET OF FUNDING</b>	<b>300,000</b>	<b>1,975,644</b>	<b>2,275,644</b>	<b>581,967</b>	<b>504,879</b>	<b>504,879</b>	<b>-</b>
Meter Replacement Program	-	2,086,000	2,086,000	2,086,000	1,985,439	1,985,439	-
Joint Developer Projects	-	1,498,915	1,498,915	1,498,915	1,498,915	1,498,915	-
Less Contribution by Developers			-	(1,000,000)	(1,000,000)	(1,000,000)	
System-wide - Rebuild/Replace PRV Stations	1,440,000		1,440,000	1,440,000	1,645,091	71,551	1,573,540
GIS Project	380,000		380,000	380,000	338,941	10,000	328,941
Telemetry/SCADA System Upgrade	300,000		300,000	300,000	261,012	261,012	-
Comp Plan Updates	350,000		350,000	350,000	389,379	102,597	286,782
Bothell Landing	585,000		585,000	585,000	652,033	-	652,033
Bothell Landing P WTF Loan			-	(585,000)	(652,033)	-	(652,033)
All Other CIP Projects	1,609,000	1,700,000	3,309,000	3,309,000	3,380,546	1,025,048	2,355,498
Meters/Services/Hydrants		400,000	400,000	400,000	408,506	211,141	197,364
All Other Non-CIP Projects		275,000	275,000	275,000	277,827	80,618	197,209
Vactor		600,000	600,000	600,000	600,000	-	600,000
Less Trade-in of Old Vactor				(200,000)	(200,000)	-	(200,000)
Vehicles	-	444,146	444,146	444,146	478,229	119,146	359,083
<b>TOTAL OTHER USES OF CAPITAL FUNDS</b>	<b>4,664,000</b>	<b>7,004,060</b>	<b>11,668,060</b>	<b>9,883,060</b>	<b>10,063,884</b>	<b>4,365,467</b>	<b>5,698,417</b>
<b>TOTAL USES (Net of Direct Funding)</b>	<b>20,264,000</b>	<b>10,726,136</b>	<b>30,990,136</b>	<b>9,952,459</b>	<b>10,886,954</b>	<b>5,449,881</b>	<b>5,437,073</b>
<b>NET SURPLUS</b>					<b>\$4,600,957</b>	<b>\$2,925,231</b>	

<b>CAPITAL FUNDING 2012 - 2020</b>	<b>Comp Plan Forecast</b>	<b>Additions &amp; Changes</b>	<b>Current Forecast</b>	<b>Current Direct</b>	<b>Inflated Net Direct Funds</b>	<b>Completed 12/31/2014</b>	<b>Balance 2015-2020</b>
<b>SOURCES (Indirect):</b>							
Construction Fund Beginning Balance (Net of Bond Proceeds)							\$ 2,925,231
Transfers from Sinking fund							-
Transfers from the Maintenance Fund							6,705,115
Interest Earnings							107,683
Connection Fees							300,000
<b>TOTAL SOURCES (Indirect)</b>							<b>10,038,030</b>
<b>USES:</b>							
Admin Building - Design / Construction / Furniture & Other							27,958
Back Lot							-
Church property							-
Less Sale of Old Property							(1,000,000)
Shop Building							3,527,752
2011 Bond Proceeds							
2016 Bond Proceeds							(3,000,000)
<b>ADMIN BUILDING, SHOP AND LAND COSTS NET OF FUNDING</b>							<b>(444,291)</b>
NCPS - .4MG Reservoir- Design and Construction							4,710,607
Possible Cost Adjustment							(440,618)
DWSRF Loan							(2,087,042)
Main Replc - NE 185th/187th - 28th/29th Ave NE							-
DWSRF Loan							-
CIP #4 - 15th and 24th							(2,000,000)
2016 Bond Proceeds							
<b>RESERVOIRS NET OF FUNDING</b>							<b>182,947</b>
Wireless Building							-
2011 Bond Proceeds							-
Wireless Building Funding							-
<b>WIRELESS BUILDING NET OF FUNDING</b>							<b>-</b>
Meter Replacement Program							-
Joint Developer Projects							-
Less Contribution by Developers							-
System-wide - Rebuild/Replace PRV Stations							1,573,540
GIS Project							328,941
Telemetry/SCADA System Upgrade							-
Comp Plan Updates							286,782
Bothell Landing							652,033
Bothell Landing PWTF Loan							(652,033)
All Other CIP Projects							2,355,498
Meters/Services/Hydrants							197,364
All Other Non-CIP Projects							197,209
Vactor							600,000
Less Trade-in of Old Vactor							(200,000)
Vehicles							359,083
<b>TOTAL OTHER USES OF CAPITAL FUNDS</b>							<b>5,698,417</b>
<b>TOTAL USES (Net of Direct Funding)</b>							<b>5,437,073</b>
<b>NET SURPLUS</b>					<b>\$4,600,957</b>	<b>\$2,925,231</b>	<b>\$4,600,957</b>

The last column is showing the capital forecast from 2015 through 2020 combined. The year by year forecast will follow.

Ending balance of \$2.9 million rolls forward to 2015.

Non-direct funding sources from 2015-2020 is projected to be \$8.6 million and funded \$4.2 million capital costs for a balance of \$4.6 million at the end of 2020.

Other direct sources of funding include a new bond issue in 2016 for \$5 million, about \$2 million more in DWSRF funds, \$1,2 million in the sale of the maintenance building and vactor, and PWTF loan if the Bothell Landing is done.

Connection fees for large developments have not been included.



**SOURCES:**

Construction Fund Beginning Balance  
 Transfers from Sinking fund  
 Transfers from the Maintenance Fund  
 Interest Earnings  
 Connection Fees  
 2011 Bond Proceeds  
 DWSRF Loan  
 Wireless Building Funding  
 Contribution by Joint Venture Developers

**TOTAL SOURCES****USES:**

Admin Building - Design / Construction / Furniture & Other  
 Back Lot  
 Church property  
 Maintenance Building

**ADMIN BUILDING, SHOP & LAND NET OF DIRECT FUNDING**

NCPS - .4MG Reservoir- Design and Construction  
 Possible Cost Adjustment  
 Main Replc - NE 185th/187th - 28th/29th Ave NE  
 CIP #4 - 15th and 24th

**RESERVOIRS NET OF DIRECT FUNDING**

Wireless Building  
 Meter Replacement Program  
 Joint Developer Projects  
 Telemetry/SCADA  
 Comp Plan Updates  
 System-wide - Rebuild/Replace PRV Stations  
 GIS Project  
 PRV Replacements  
 Miscellaneous Projects  
 Capitalized Labor  
 Capitalized Interest  
 Vehicles  
 Meters/Services/Hydrants  
 Computer and Office Equipment

**TOTAL OTHER USES OF CAPITAL FUNDS****TOTAL USES****NET SURPLUS**

**The next section of the presentation will show the capital expenditures by year.**

**The total project costs are shown first to empathize the point that capital costs are project specific regardless of how long it takes to construct them.**

**Annual cost forecasts are needed by year to budget for annual financing needs.**

# CAPITAL PLAN 2013 - 2014

	2012	2013	2014	2012-2014
<b>SOURCES:</b>				
Construction Fund Beginning Balance	\$ 155,723	\$ 8,599,985	\$ 2,864,749	
Transfers from Sinking fund	338,100	-	3,013,785	
Transfers from the Maintenance Fund	1,504,824	915,160	1,236,867	
Interest Earnings	77,126	51,299	15,215	
Connection Fees	359,700	340,539	366,773	
2011 Bond Proceeds	8,200,000			
DWSRF Loan	-	469,479	1,429,243	
Wireless Building Funding	50,000	100,000	643,677	
Contribution by Joint Venture Developers		-	1,000,000	
<b>TOTAL SOURCES</b>	<b>10,685,474</b>	<b>10,476,462</b>	<b>10,570,309</b>	
<b>USES:</b>				
Admin Building - Design / Construction / Furniture & Other	1,096,431	2,953,722	182,522	
Back Lot	-	202,219	-	
Church property	-	108,203	3,286,262	
Maintenance Building	7,500	-	-	
<b>ADMIN BUILDING, SHOP &amp; LAND NET OF DIRECT FUNDING</b>	<b>1,103,931</b>	<b>3,264,145</b>	<b>3,468,785</b>	
NCPS - .4MG Reservoir- Design and Construction	302,457	723,246	143,570	
Possible Cost Adjustment	-	-	-	
Main Replc - NE 185th/187th - 28th/29th Ave NE	55,588	458,973	7,202	
CIP #4 - 15th and 24th	-	232,072	18,288	
<b>RESERVOIRS NET OF DIRECT FUNDING</b>	<b>358,045</b>	<b>1,414,291</b>	<b>169,061</b>	
Wireless Building	20,420	588,704	1,589,432	
Meter Replacement Program	-	1,519,064	466,375	
Joint Developer Projects	-	266,510	1,232,405	
Telemetry/SCADA	-	252,430	8,582	
Comp Plan Updates	69,636	32,960	-	
System-wide - Rebuild/Replace PRV Stations	-	-	71,551	
GIS Project	-	-	10,000	
PRV Replacements	-	-	120,000	
Miscellaneous Projects	525,932	-	62,974	
Capitalized Labor	-	-	151,142	
Capitalized Interest	-	-	165,000	
Vehicles	-	119,146	-	
Meters/Services/Hydrants	7,526	131,908	71,707	
Computer and Office Equipment	-	22,554	58,064	
<b>TOTAL OTHER USES OF CAPITAL FUNDS</b>	<b>623,514</b>	<b>2,933,276</b>	<b>4,007,232</b>	
<b>TOTAL USES</b>	<b>2,085,489</b>	<b>7,611,713</b>	<b>7,645,078</b>	
<b>NET SURPLUS</b>	<b>\$8,599,985</b>	<b>\$2,864,749</b>	<b>\$2,925,231</b>	

The sinking fund reserves were depleted in 2014 to fund capital projects.

The big ticket items were the purchase of the NW Church property, the construction of the wireless building, and the DSA and Inland Group joint projects.

The PRV replacement project is a new and unexpected project for 2014.

Capitalized interest and labor will be added to separate projects after year-end. This was done in 2013.

2014 is shaping up to be even higher than in 2013. Another \$7.6 million.



# CAPITAL PLAN 2013 - 2014

	2012	2013	2014	2012-2014
<b>SOURCES:</b>				
Construction Fund Beginning Balance	\$ 155,723	\$ 8,599,985	\$ 2,864,749	\$ 155,723
Transfers from Sinking fund	338,100	-	3,013,785	3,351,885
Transfers from the Maintenance Fund	1,504,824	915,160	1,236,867	3,656,852
Interest Earnings	77,126	51,299	15,215	143,640
Connection Fees	359,700	340,539	366,773	1,067,012
2011 Bond Proceeds	8,200,000	-	-	8,200,000
DWSRF Loan	-	469,479	1,429,243	1,898,722
Wireless Building Funding	50,000	100,000	643,677	793,677
Contribution by Joint Venture Developers	-	-	1,000,000	1,000,000
<b>TOTAL SOURCES</b>	<b>10,685,474</b>	<b>10,476,462</b>	<b>10,570,309</b>	<b>20,267,511</b>
<b>USES:</b>				
Admin Building - Design / Construction / Furniture & Other	1,096,431	2,953,722	182,522	4,232,675
Back Lot	-	202,219	-	202,219
Church property	-	108,203	3,286,262	3,394,466
Maintenance Building	7,500	-	-	7,500
<b>ADMIN BUILDING, SHOP &amp; LAND NET OF DIRECT FUNDING</b>	<b>1,103,931</b>	<b>3,264,145</b>	<b>3,468,785</b>	<b>7,836,860</b>
NCPS - .4MG Reservoir- Design and Construction	302,457	723,246	143,570	1,169,273
Possible Cost Adjustment	-	-	-	-
Main Replc - NE 185th/187th - 28th/29th Ave NE	55,588	458,973	7,202	521,763
CIP #4 - 15th and 24th	-	232,072	18,288	250,360
<b>RESERVOIRS NET OF DIRECT FUNDING</b>	<b>358,045</b>	<b>1,414,291</b>	<b>169,061</b>	<b>1,941,397</b>
Wireless Building	20,420	588,704	1,589,432	2,198,556
Meter Replacement Program	-	1,519,064	466,375	1,985,439
Joint Developer Projects	-	266,510	1,232,405	1,498,915
Telemetry/SCADA	-	252,430	8,582	261,012
Comp Plan Updates	69,636	32,960	-	102,597
System-wide - Rebuild/Replace PRV Stations	-	-	71,551	71,551
GIS Project	-	-	10,000	10,000
PRV Replacements	-	-	120,000	120,000
Miscellaneous Projects	525,932	-	62,974	588,906
Capitalized Labor	-	-	151,142	151,142
Capitalized Interest	-	-	165,000	165,000
Vehicles	-	119,146	-	119,146
Meters/Services/Hydrants	7,526	131,908	71,707	211,141
Computer and Office Equipment	-	22,554	58,064	80,618
<b>TOTAL OTHER USES OF CAPITAL FUNDS</b>	<b>623,514</b>	<b>2,933,276</b>	<b>4,007,232</b>	<b>7,564,022</b>
<b>TOTAL USES</b>	<b>2,085,489</b>	<b>7,611,713</b>	<b>7,645,078</b>	<b>17,342,280</b>
<b>NET SURPLUS</b>	<b>\$8,599,985</b>	<b>\$2,864,749</b>	<b>\$2,925,231</b>	<b>\$2,925,231</b>

Almost \$3.7 million was transferred from the operating fund for CIC and rate funded transfer.

Connection fees were much higher than in the past or projected going forward. (YMCA was the majority contributor).

The contribution from the antenna carriers paid for about 1/3 of the wireless building.

The combined capital costs over the last three years is a culmination of years of planning.

The District will have approximately \$3 million in capital reserves at the end of 2014.

# CAPITAL PLAN 2015 - 2020

	2015	2016	2017	2018	2019	2020	2015-2020
<b>SOURCES:</b>							
Construction Fund Beginning Balance	\$ 2,925,231	\$ 1,523,495	\$ 4,410,922	\$ 2,954,518	\$ 4,046,770	\$ 4,413,805	\$ 2,925,231
Transfers from Sinking fund	-	-	-	-	-	-	-
Transfers from the Maintenance Fund	1,248,147	1,055,591	1,163,259	1,071,157	1,079,291	1,087,670	6,705,115
Interest Earnings	15,537	8,092	23,427	15,692	21,493	23,443	107,683
Connection Fees	50,000	50,000	50,000	50,000	50,000	50,000	300,000
Sale of Old Maintenance Property	-	-	-	1,000,000	-	-	1,000,000
2011 Bond Proceeds	-	-	-	-	-	-	-
2016 Bond Proceeds	-	5,000,000	-	-	-	-	5,000,000
DWSRF Loan	2,087,042	-	-	-	-	-	2,087,042
Trade-in of Old Vactor	-	200,000	-	-	-	-	200,000
Bothell Landing PWTF Loan	-	-	652,033	-	-	-	652,033
<b>TOTAL SOURCES</b>	<b>6,325,956</b>	<b>7,837,178</b>	<b>6,299,641</b>	<b>5,091,366</b>	<b>5,197,555</b>	<b>5,574,918</b>	<b>18,977,104</b>
<b>USES:</b>							
Admin Building - Design / Construction / Furniture & Other	5,203	5,359	5,573	5,796	6,028	-	27,958
Maintenance Building	-	1,725,466	1,802,285	-	-	-	3,527,752
<b>ADMIN BUILDING, SHOP &amp; LAND NET OF DIRECT FUNDING</b>	<b>5,203</b>	<b>1,730,825</b>	<b>1,807,858</b>	<b>5,796</b>	<b>6,028</b>	<b>-</b>	<b>3,555,709</b>
NCPS - .4MG Reservoir- Design and Construction	4,710,607	-	-	-	-	-	4,710,607
Possible Cost Adjustment	(440,618)	-	-	-	-	-	(440,618)
<b>RESERVOIRS NET OF DIRECT FUNDING</b>	<b>4,269,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,269,988</b>
Comp Plan Updates	130,063	-	-	-	-	156,720	286,782
System-wide - Rebuild/Replace PRV Stations	160,237	160,758	401,251	417,301	433,993	-	1,573,540
GIS Project	50,000	51,500	53,560	55,702	57,930	60,248	328,941
CP1f - 18th Ave and CP10 - 19th Street	-	357,525	-	-	-	-	357,525
CP35 - NE 171st	-	-	100,536	-	-	-	100,536
CP2d - NE 160th and CP1i - NE 169th	-	-	-	227,197	-	-	227,197
CP33 - 20th Place and CP12 - 200th / 25th	-	-	-	-	-	465,980	465,980
Capitalized Labor	31,500	33,075	34,729	36,465	38,288	40,203	214,260
Capitalized Interest	165,000	165,000	165,000	165,000	165,000	165,000	990,000
Bothell Landing	-	-	652,033	-	-	-	652,033
Vactor	-	600,000	-	-	-	-	600,000
Vehicles	100,000	37,510	72,448	75,346	36,166	37,613	359,083
Meters/Services/Hydrants	30,000	30,900	32,136	33,421	34,758	36,149	197,364
Computer and Office Equipment	16,000	10,300	10,712	11,140	11,586	12,050	71,788
Gates for Administration Building	80,000	-	-	-	-	-	80,000
Leak Maintenance Program	-	13,333	14,861	17,227	-	-	45,421
<b>TOTAL OTHER USES OF CAPITAL FUNDS</b>	<b>762,800</b>	<b>1,459,901</b>	<b>1,537,265</b>	<b>1,038,800</b>	<b>777,722</b>	<b>973,961</b>	<b>6,550,449</b>
<b>TOTAL USES</b>	<b>5,037,991</b>	<b>3,190,726</b>	<b>3,345,123</b>	<b>1,044,596</b>	<b>783,750</b>	<b>973,961</b>	<b>14,376,147</b>
<b>NET SURPLUS</b>	<b>\$1,287,965</b>	<b>\$4,646,452</b>	<b>\$2,954,518</b>	<b>\$4,046,770</b>	<b>\$4,413,805</b>	<b>\$4,600,957</b>	<b>\$4,600,957</b>

The primary funding source over the next six years is from the operating fund in the form of CIC revenues and rate funded capital transfers. Rate increases between 3%-4% generate this level of funding.

\$5 million in bond proceeds are needed to fund capital and keep rate increases at a lower level.

The PRV replacement project and the GIS project are almost exclusively labor and will reduce costs reported as O&M in the operating budget, and allow use of capital funding sources, such as debt.

The amount spent over the next six years is less spent in 2013-2014.

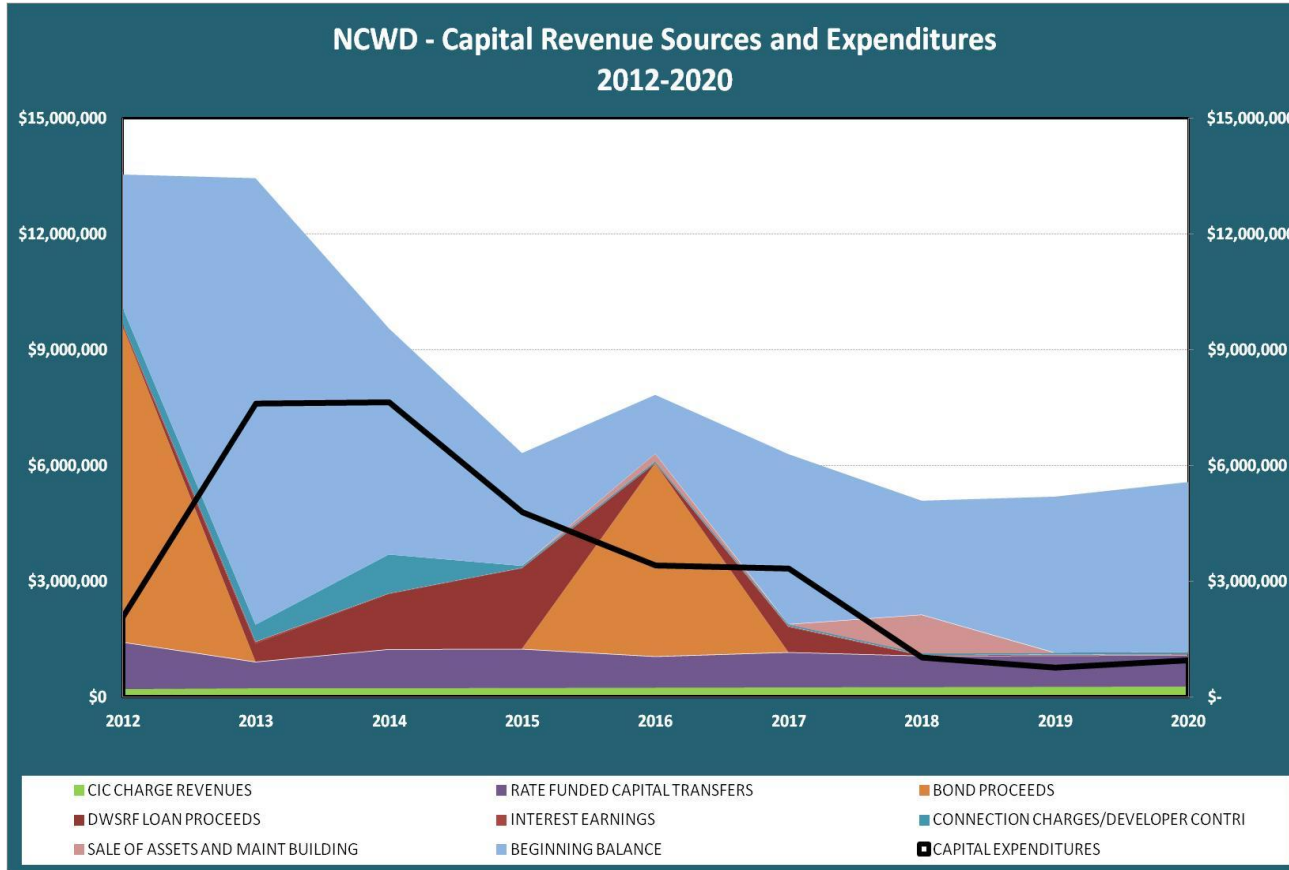
See next slide for vehicle replacement program costs.

<b>Vehicle Replacement Plan 2013 - 2022</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
Unit # 1 2007 Intern't Vac-Con 5204 (8 years)				\$ 600,000							\$ 600,000
Unit # 2 2010 F-150 P/U (7 years)							30,000				30,000
Unit # 3 2010 F-150 P/U (7 years)						30,000					30,000
Unit # 4 2000 Dodge P/U (7 years)			30,000							30,000	60,000
Unit # 5 GMC 10 Yard Dump											-
Unit # 8 2010 F-150 4x4 (7 years)						35,000					35,000
Unit # 15 2001 Chevy P/U (7 years)				35,000						35,000	70,000
Unit # 17 2007 International 5 Yard Dump											-
Unit # 18 2013 F-350 Service Body (15 years)	88,921										88,921
Unit # 19 2013 F-150 P/U (7 Years)	30,225							30,000			60,225
Unit # 20 F-550 Service Van (15 Years)											-
2000 Durango (7 years)			35,000							35,000	70,000
District Manager Vehicle			35,000							35,000	70,000
TR-1 Backhoe 1991 (25 years)					65,000						65,000
TR-2 Backhoe 2001 (25 years)											-
<b>TOTAL</b>	<b>\$119,146</b>	<b>\$ -</b>	<b>\$100,000</b>	<b>\$635,000</b>	<b>\$ 65,000</b>	<b>\$ 65,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$135,000</b>	<b>\$ 1,179,146</b>



# Recommended Scenario

*Rate increases between 3%-4% 2015-2020 and debt proceeds of \$5 million in 2016.*



The Sources for capital are shown in the area graph and capital expenditures are shown with a black line graph.

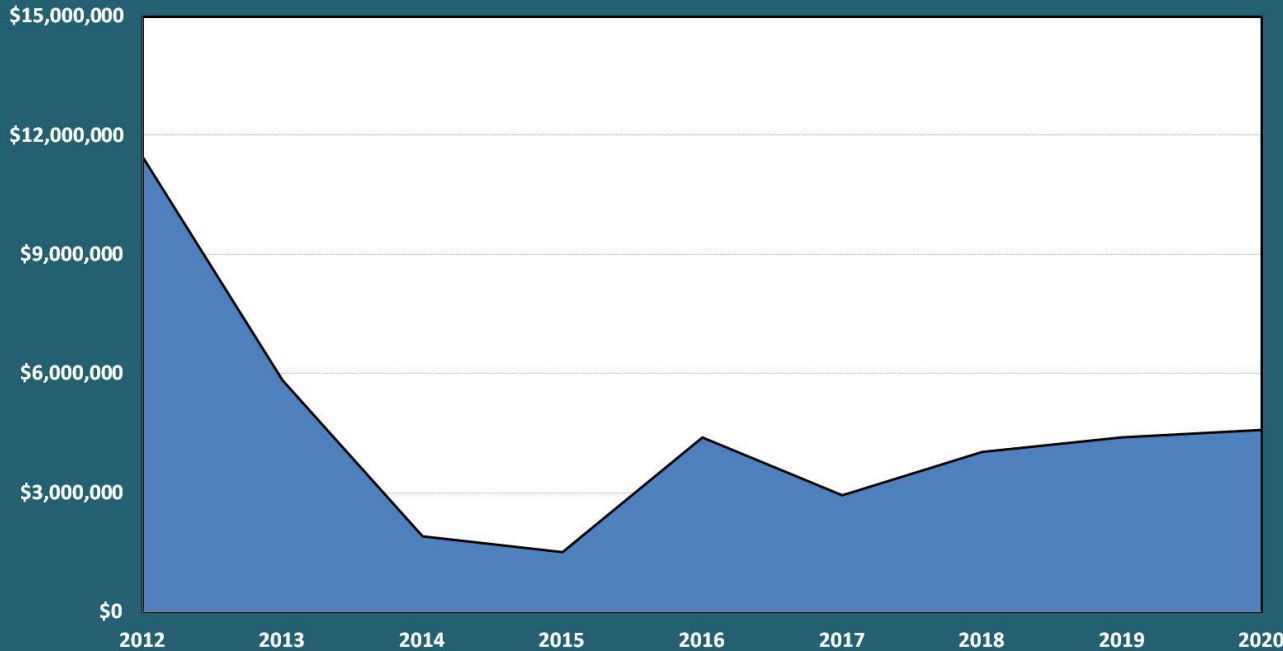
This graph illustrates that with rate increases in the 3%-4% range from 2015-2020, debt proceeds of \$5 million, along with other capital sources, all capital needs can be met and reserves built to approximately \$5 million by the end of 2020.



# Recommended Scenario

*Rate increases between 3%-4% 2015-2020 and debt proceeds of \$5 million in 2016.*

NCWD - Capital Reserve Balance  
2012-2020

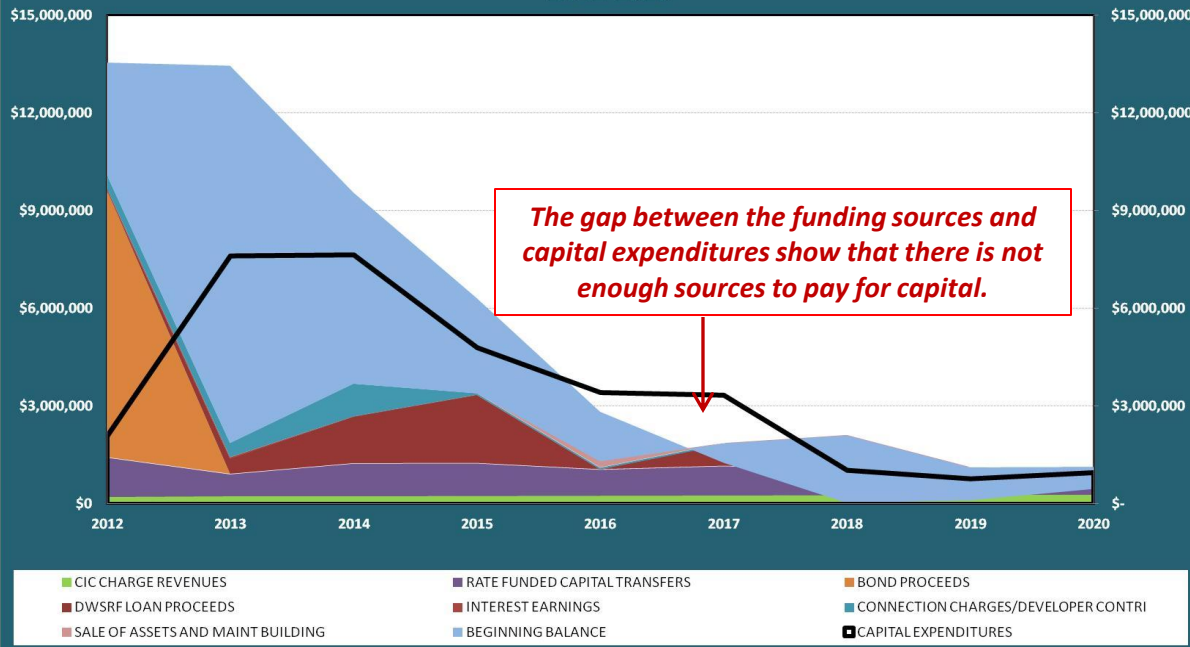


**The capital reserves will build to \$4.6 million by the end of 2020 and position the District to fund capital costs on a pay-as-you-go basis in future years.**





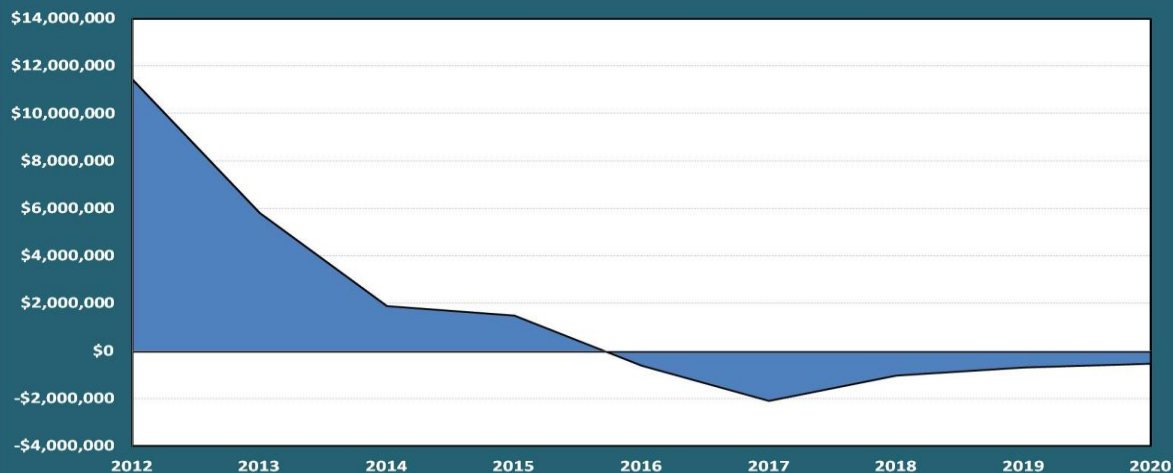
NCWD - Capital Revenue Sources and Expenditures with No Debt in 2016  
2012-2020



These graphs show that capital reserves will be depleted if the District implements rate increase between 3%-4% but does not issue debt to fund capital projects.

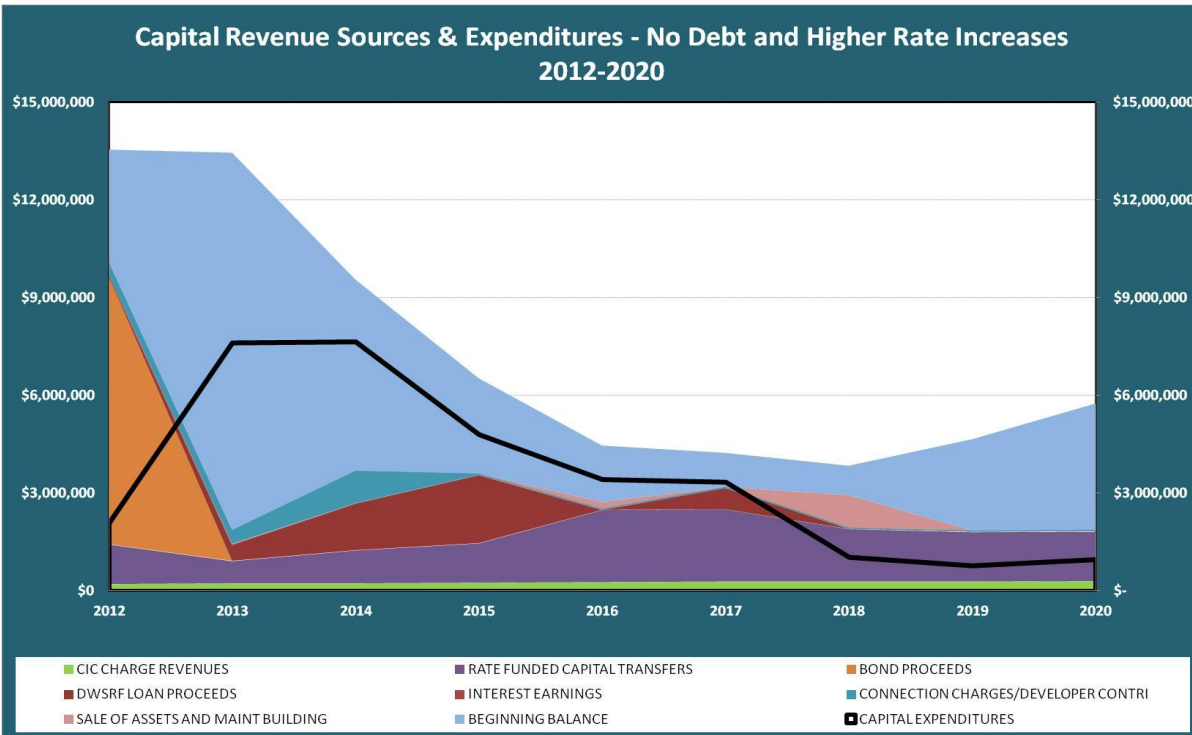
If the District wants to maintain rate increases at the 3%-4% level and also does not want to issue debt, they will need to either raise rates or postpone capital projects

NCWD - Capital Reserve Balance with No New Debt in 2016  
2012-2020

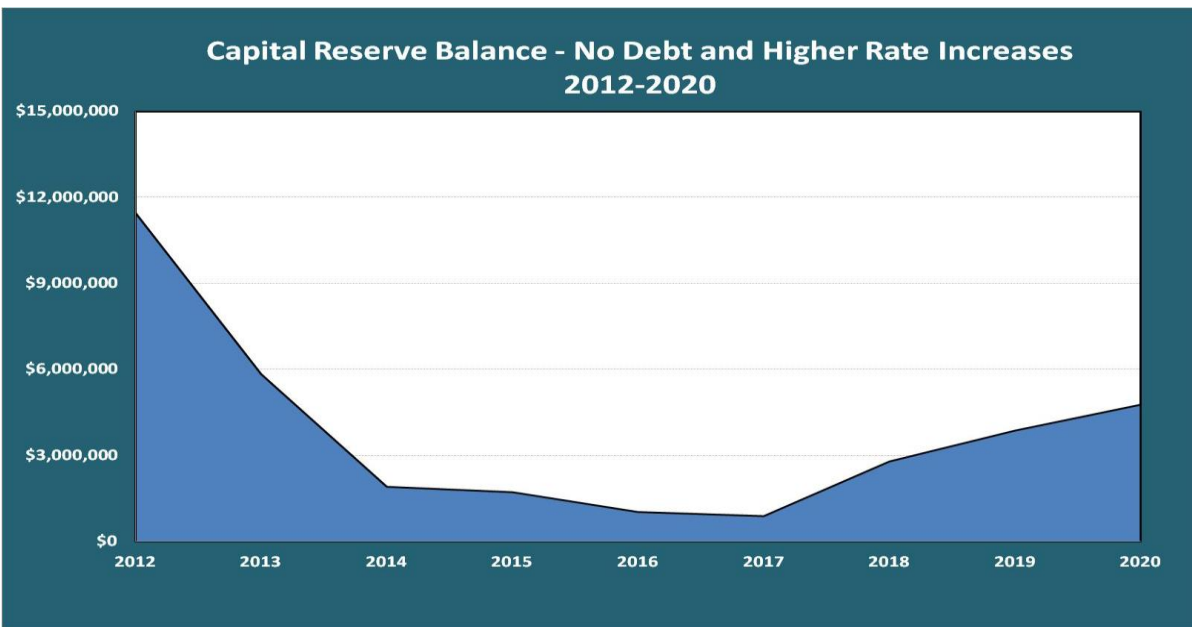




# Alternative Scenario



These graphs show that existing capital costs can be met if the District raises rates from 2015-2017 between 7%-8%. Rate increases would be at inflationary levels after 2017.



## What's Next?

**Operating Costs by Object (type) will be presented on  
October 21th**



**End**

